It is proposed to substitute clause (h) of sub-section (2) of the said section so as to provide that where any sum has been allowed as a deduction or has not been included in the total income of any person, either on account of fulfillment of certain conditions or for any other reason, for any tax year beginning before the 1st April, 2026, and such sum was required to be included in the total income of any subsequent tax year including beginning on or after the 1st April, 2026 under the repealed Income-tax Act, if it had not been so repealed, on account of violation of such conditions or for any other reason, then such sum shall be—

(i) deemed to be the income of such subsequent tax year; and

(ii) included in the total income of the said person under the same head of income as it would have been included under the repealed Income-tax Act.

It is further proposed to substitute sub-clauses (i) and (ii) of clause (*l*) of sub-section (2) of the said section so as to include reference of section 206(3) or (4).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 108 of the Bill seeks to amend Schedule III to the Income-tax Act, 2025 relating to income not to be included in total income of eligible persons.

It is proposed to amend the Table in the said Schedule so as to provide an express statutory exemption in respect of disability pension, including both the service element and the disability element, in cases where an individual has been invalided out of service on account of such disability attributable to, or aggravated by, such service. However, the said exemption shall not be available where the individual has retired from service on superannuation or otherwise.

It is further proposed to amend the Table in the said Schedule so as to provide exemption to an individual or his legal heir, on any interest awarded on compensation under the Motor Vehicles Act, 1988.

It is proposed to amend the said Schedule so as to provide exemption on any income in respect of any award or agreement made on account of compulsory acquisition of any land, carried out on or after the 1st April, 2026 under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (other than the award or agreement made under section 46 of said Act).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 109 of the Bill seeks to amend Schedule IV of the Income-tax Act, 2025 relating to income not to be included in total income of eligible non-residents, foreign companies and other such persons.

Schedule IV to the said Act specifies the eligible income, which shall not be included in the total income of the eligible non-residents, foreign companies and other such persons.

It is proposed to amend the said Schedule to provide exemption to a foreign company on income arising on account of providing capital goods, equipment or tooling to a contract manufacturer, being a company resident in India, who is located in a custom bonded area, that is, a warehouse referred to in section 65 of the Customs Act, 1962 and produces electronic goods on behalf of the foreign company for a consideration. The said exemption shall be provided up to the tax year 2030-2031.

It is further proposed to amend the said Schedule so as to provide exemption to an individual, being a non-resident for a period of five consecutive tax years immediately preceding the tax year during which he visits India for the first time for rendering services in India in connection with any scheme as may be notified by the Central Government, on any income which accrues or arises outside India, and is not deemed to accrue or arise in India, for five consecutive tax years commencing from the first tax year during which he visits India, if such person renders any service in India in connection with any scheme as may be notified by the Central Government and fulfils such other conditions, as may be provided by rules.

It is also proposed to amend the said Schedule so as to provide exemption to a foreign company, on any income accruing or arising in India or deemed to accrue or arise in India by way of procuring data centre services from a specified data centre, for a period up to tax year ending on 31st March, 2047, subject to the conditions specified therein.

It is also proposed to insert Note 3 so as to define the expressions “data centre”, “data centre services” and “specified data centre” for the purposes of the said provision in serial number 13C.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 110 of the Bill seeks to amend Schedule VI of the Income-tax Act, 2025 relating to income not to be included in the total income of certain eligible persons in International Financial Services Centre or having income therefrom.

Serial Numbers 1 to 4 of the Table in the said Schedule applies to any specified fund and the expression “specified fund” has been defined in clause (g) of Note 1 of the said Schedule.

It is proposed to amend the said clause so as to align the definition of the expression “specified fund” with the definition provided under clause (4D) of section 10 of the Income-tax Act, 1961 and make a consequential amendment thereto.

These amendments will take effect from 1st April, 2026.

Clause 111 of the Bill seeks to amend Schedule XI to the Income-tax Act, 2025 relating to recognised provident funds.

It is proposed to amend the provisions of the said Schedule to align with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Fund Scheme, as follows: —

(i) to align the treatment of employer contributions with the aggregate monetary cap prescribed under section 17(1)(h) of the Income-tax Act, 2025, and the Employees' Provident Fund framework;

(ii) to reflect that exemption from schemes under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is governed by that Act;

(iii) to omit the discretionary relaxation of contribution parity based on salary thresholds that are no longer relevant, in order to align the provision with the monetary limit prescribed under section 17(1)(h) of the Income-tax Act, 2025;

(iv) to align the limits on employer contributions with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the absolute monetary ceiling provided under section 17(1)(h) of the Income-tax Act, 2025;

(v) to remove the applicable limits for employee-shareholders as no such limit exists in the Employees' Provident Fund framework and to align it with the uniform cap prescribed under section 17(1)(h) of the Income-tax Act, 2025; and

(vi) to amend the provisions which restrict investment in Government securities, to align the Schedule with prevailing Employees' Provident Fund investment norms.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 112 of the Bill seeks to amend Schedule XII to the Income-tax Act, 2025.

Part A of the said Schedule provides for the list of minerals or group of minerals eligible for deduction on deferred basis for prospecting, or extraction or production or development of a mine or other natural deposit of the specified minerals.

It is proposed to amend the said Part so as to incentivise the prospecting and exploration of the critical minerals by expanding the list of minerals to make the expenditure on such prospecting and exploring of critical minerals also eligible for deduction as per the provisions of section 51 of the said Act.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 113 of the Bill seeks to amend Schedule XIV to the Income-tax Act, 2025 relating to insurance business.

It is proposed to consequentially amend clause (a) of sub-paragraph (1) of the said Schedule so as to substitute the words "this rule" with the words "this paragraph".

It is further proposed to amend the said Schedule so as to insert sub-paragraph (3) in paragraph 4 to provide that the amount not deductible under sub-clause (i) or (ii) of section 35(b), which is added under sub-paragraph (1)(a), shall be allowed subsequently as a deduction in a tax year as per the provisions of the said sub-clause, as the case may be.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clauses 114 to 128 of the Bill seeks to insert a new Chapter relating to the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026.

The Chapter, *inter alia*, provides—

(a) the short title and commencement of the Scheme and the date from which it shall come into force;

(b) the definitions of certain expressions relating to "assessee", "assessment", "assessment year", "Board", "declarant", "declaration", "last date", "previous year" "prescribed" "undisclosed asset located outside India", "undisclosed foreign income" and "value of the asset";

(c) the provisions relating to eligibility and filing of declaration by an assessee in respect of undisclosed foreign income or undisclosed assets located outside India;

(d) the provisions relating to the amount payable by the declarant, including the rate of tax, penalty or fee payable, subject to specified monetary thresholds and conditions;

(e) the provisions relating to the manner, form and verification of the declaration and the circumstances in which such declaration shall be deemed invalid;

(f) the provisions relating to electronic verification of declarations, determination of the amount payable, time limits for payment, levy of interest for delayed payment and issuance of certificate evidencing payment;

(g) the provisions relating to non-inclusion of income or assets declared under the Scheme in the total income of the declarant and the effect of such declaration on pending assessment proceedings;

(h) the provisions relating to non-refund of any amount paid under the Scheme and the bar on claiming rectification, revision, set-off or relief in respect of completed assessments;

(i) the provisions relating to grant of immunity from levy of tax, penalty and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, subject to fulfilment of the conditions of the Scheme;

(j) the provisions relating to cases to which the Scheme shall not apply, including cases involving proceeds of crime or completed assessments under the Prevention of Money-laundering Act, 2002 and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;

(k) the provisions relating to the power of the Central Board of Direct Taxes to issue directions and grant relaxation in public interest, the power of the Central Government to remove difficulties and the power to make rules for carrying out the provisions of the Scheme.

This Chapter will take effect from such date as the Central Government may notify in the Official Gazette.

Indirect taxes

Clause 129 of the Bill seeks to amend sub-section (*2*) of section 1 of the Customs Act, so as to extend the jurisdiction of the said Act beyond the territorial waters of India for the purpose of fishing and fishing related activities.

Clause 130 of the Bill seeks to insert a new clause in section 2 of the Customs Act, so as to define the expression *"Indian-flagged fishing vessel"*.

Clause 131 of the Bill seeks to amend sub-section (*6*) of section 28 of the Customs Act to provide that the penalty paid under sub-section (*5*) of section 28, on determination under the said sub-section, shall be deemed to be a charge for non-payment of duty under clause (i) thereof.

Clause 132 seeks to amend sub-section *(2)* of section 28J of the Customs Act so as to provide that advance ruling under sub-section *(1)* of that section shall remain valid for a period of five years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

It further seeks to substitute the proviso to the said sub-section so as to provide that in respect of any advance ruling in force on the date on which the Finance Bill, 2026 receives the assent of the President, the Authority shall upon a request by the applicant, extend the validity for five years from the date of the ruling.

Clause 133 of the Bill seeks to insert a new section 56A in the Customs Act so as to make special provisions for fishing and fishing related activities by an Indian-flagged fishing vessel beyond territorial waters of India. It seeks to provide that fish harvested beyond the territorial waters of India may be brought into India free of duty and to treat fish that has landed at foreign port as export of goods in such manner as may be provided by rules. It

further seeks to make regulations to provide for the form and manner of making an entry in respect of fish harvested by an Indian-flagged fishing vessel including its declaration, custody, examination, assessment of duty, clearance, transit or transhipment.

Clause 134 of the Bill seeks to substitute section 67 of the Customs Act, relating to removal of goods from one warehouse to another.

The proposed section seeks to do away with the requirement of prior permission of the proper officer under the said section for removal of warehoused goods from one warehouse to another.

Clause 135 of the Bill seeks to amend clause (*b*) of section 84 of the Customs Act, so as to empower the Board to make regulations for the custody of goods imported or to be exported by post or courier.

Customs tariff

Clause 136 of the Bill seeks to amend the First Schedule to the Customs Tariff Act in the manner specified in,–

(*a*) the Second Schedule with a view to impose a composite duty on certain goods;

(*b*) the Third Schedule so as to revise the rates in respect of certain tariff items with effect from the 1st April, 2026;

(*c*) the Fourth Schedule, so as to create new tariff entries and the Fifth Schedule, so as to revise the rates in respect of certain tariff items, with effect from the 1st of May, 2026.

Central Goods and Services Tax

Clause 137 of the Bill seeks to amend sub-section (*3*) of section 15 of the Central Goods and Services Tax Act to do away with requirement of linking the post-sale discount with an agreement specifically linked to relevant invoices and to refer to issuance of credit note under section 34 where the input tax credit is reversed by the recipient.

Clause 138 of the Bill seeks to amend section 34 of the Central Goods and Services Tax Act so as to include the reference of discount referred under clause (b) of sub-section (3) of section 15 in the said section for issuing credit notes for post-supply discounts.

Clause 139 of the Bill seeks to amend sub-section (*6*) of section 54 of the Central Goods and Services Tax Act to extend the provisions of provisional refund to refunds arising out of inverted duty structure.

The clause further seeks to amend sub-section (*14*) of section 54 of the Central Goods and Services Tax Act to provide for removing the threshold limit for refund claim in case of goods exported out of India with payment of tax.

Clause 140 of the Bill seeks to insert a new sub-section (*1A*) in section 101A of the Central Goods and Services Tax Act so as to provide that till the National Appellate Authority is constituted under sub-section (*1*), the Government may on the recommendation of the Council, by notification, empower any existing Authority to hear appeals made under section 101B.

It further seeks to provide that in such case, the provisions of sub-sections (*2*) to (*13*) shall not apply.

It also seeks to insert an *Explanation* in the said sub-section so as to provide that the expression "*existing Authority"* shall include a Tribunal.

Integrated Goods and Services Tax

Clause 141 of the Bill seeks to omit clause (*b*) of sub-section (*8*) of section 13 of the Integrated Goods and Services Tax Act, 2017 so as to provide that the place of supply for "intermediary services" shall be determined as per the provisions of sub-section (*2*) of section 13 of the said Act, which is the location of the recipient of such services.

MISCELLANEOUS

Clause 142 seeks to amend the Seventh Schedule to the Finance Act, 2001 in the manner specified in the Sixth Schedule with effect from 1st May, 2026 so as to revise the National Calamity Contingent Duty rate on chewing tobacco, jarda scented tobacco and other (including gutkha).

Clause 143 of the Bill seeks to amend section 98 of the Finance (No.2) Act, 2004 relating to charge of securities transaction tax.

The said section, *inter alia*, provides that the securities transaction tax on sale of—

(i) an option in securities is 0.1 per cent. of the option premium;

(ii) an option in securities when such option is exercised is 0.125 per cent. of the intrinsic price; and

(iii) a futures in securities is 0.02 per cent. of the price at which "futures" are traded.

It is proposed to amend the said section so as to increase the said rates from the existing rate of securities transaction tax on sale of—

(i) an option in securities to 0.15 per cent. of the option premium;

(ii) an option in securities, where option is exercised to 0.15 per cent. of the intrinsic price; and

(iii) futures in securities to 0.05 per cent. of the price at which such "futures" are traded.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 144 of the Bill seeks to amend sections 49 and 50 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 relating to the punishment for failure to furnish return in relation to foreign income and asset and punishment for failure to furnish in return of income, any information about an asset (including financial interest in any entity) located outside India, respectively.

The said section provides for prosecution where a resident, other than not ordinarily resident in India, holding foreign assets or income wilfully fails to furnish the return of income or fails to disclose such information in their return of income.

It is proposed to amend the said sections to insert proviso in both the sections so as to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees, to make it harmonious with the threshold specified in sections 42 and 43 of the said Act.

These amendments will take effect retrospectively from 1st October, 2024.

	MEMORANDUM REGARDING DELEGATED LEGISLATION	
	The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.	
	Clause 15 of the Bill seeks to amend section 270AA of the Income-tax Act, 1961 relating to immunity from imposition of penalty, etc. Sub-section (2) of the said section empowers the Board to provide by rules the form for application to grant immunity and the manner of verification of such application.	
	Clause 69 of the Bill seeks to amend section 352 of the Income-tax Act, 2025 relating to tax on accreted income. It is proposed to substitute serial number 8 and the entries relating thereto of the Table in sub-section (4) of the said section so as to empower the Board to provide by rules for the conditions for merger for the purposes of the said section.	
	Clause 70 of the Bill seeks to insert a new section 354A in the Income-tax Act, 2025 relating to merger of registered non-profit organisations in certain cases. The said section empowers the Board to provide by rules for the conditions of merger for the purposes of said the section.	
	Clause 74 of the Bill seeks to amend section 395 of the Income-tax Act, 2025 relating to certificates. Sub-section (6) of the said section empowers the Board to provide by rules for the conditions for filing application to the prescribed income-tax authority.	
	Clause 85 of the Bill seeks to amend section 440 of the Income-tax Act, 2025 relating to immunity from imposition of penalty, etc. Sub-section (2) of the said section empowers the Board to provide by rules the form and the manner of verification of application for grant of waiver of penalty and immunity from initiation of proceeding for prosecution.	
	Clause 109 of the Bill seeks to amend Schedule IV of the Income-tax Act, 2025 relating to income not to be included in total income of eligible non-residents, foreign companies and other such persons. It is proposed to amend the said Schedule so as to empower the Board to provide by rules for the conditions to be fulfilled by person rendering any service in India in connection with any scheme.	
	Clause 110 of the Bill seeks to amend Schedule VI of the Income-tax Act, 2025 relating to income not to be included in the total income of certain eligible persons in International Financial Services Centre or having income therefrom. Sub-item (II) of item C of the said Schedule empowers the Board to provide by rules for the conditions for holding of number of units.	

	Clauses 114 to 128 of the Bill seeks to insert a new Chapter relating to the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026. Clause 128 empowers the Board to make rules for carrying out the provisions of the said Scheme.	
	Indirect taxes	
	Clause 133 of the Bill seeks to insert a new section 56A in the Customs Act. Sub-section (1) of the said section 56A empowers the Central Government to make rules to provide for the manner and the conditions subject to which the fish harvested by an Indian-flagged fishing vessel beyond territorial waters of India may be brought into India free of duty and the fish that has landed at a foreign port may be treated as export of goods. Sub-section (2) of the said section empowers the Central Board of Indirect Taxes and Customs to make regulations to provide for the form and manner of making an entry in respect of fish harvested including its declaration, custody, examination, assessment of duty, clearance, transit or transhipment.	
	Clause 135 of the Bill seeks to amend clause (*b*) of section 84 of the Customs Act, so as to empower the Board to make regulations for the custody of goods imported or to be exported by post or courier.	
	2. The matters in respect of which rules or regulations may be made are matters of procedure and details and it is not practicable to provide for them in the Bill itself. 3. The delegation of legislative powers is, therefore, of a normal character.	

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to give effect to the financial proposals of the Central Government
for the financial year 2026-2027.

(Smt. Nirmala Sitharaman,
Minister of Finance.)